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TAGS: [EAID](#) [ENRG](#) [EPET](#) [PREL](#) [KU](#)

SUBJECT: KUWAIT TO RESUME SUPPLY OF DISCOUNTED DIESEL TO
LEBANON

11. State-owned Kuwait Petroleum Corporation (KPC) signed a contract with Electricite du Liban (EdL), Lebanon's state-owned electricity company in August 2005 to provide 600,000 tons of diesel fuel annually at a concessional price of \$800 million. The GOK issued a press release at the time saying this fuel was being supplied at cost and KPC would make no profit on the sale. Speaking with EconOff on August 15, 2006, KPC International Marketing Director Jamal Al-Nouri said although delivery has been suspended since the beginning of the current conflict, KPC has remained in contact with the GOL and intends to resume deliveries soon. KIPC uses both charter tankers and vessels belonging to state-owned Kuwait Oil Tanker Company (KOTC) to deliver fuel. According to Mr. Al-Nouri, no firm date has been established for the resumption of fuel supplies, and he is unaware of any Kuwaiti tankers standing by in the area to make deliveries. He knows of no plans to donate additional fuel.

12. At the time the contract was signed, Lebanon was seeking to buy oil directly from Gulf countries rather than on the international market where prices had risen sharply. Many Lebanese communities were suffering blackouts for up to eight hours per day and EdL was suffering financial losses of about \$400 million per year. After the signing, Lebanese Energy Minister Mohammad Fneish said the deal with Kuwait would save the GOL \$50 million per year in fuel expenses. The Ministry said at the time that 600,000 tons of diesel would supply EdL's energy needs for six months.

13. Separately, in the Ambassador's meeting with Kuwaiti Finance Minister Bader Meshari Al-Humaidhi on 15 August, the Minister said the GOK had no current plans to provide additional fuel assistance to Lebanon.

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